

## Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 EB-07 L-03 CIAE-00 INR-07 NSAE-00

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DRAFTED BY EA/IMS:ARDORNHEIM:CCH

APPROVED BY EA/IMS:DAVID T. KENNEY

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R 012309Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: CPRS, EINV, ID

SUBJECT: FOREST PRODUCTS CORPORATION COMPLAINT

REF: JAKARTA 11694

1. REFTEL INFORMATION PASSED TO PEDERSEN AND HIS LAWYER (PANNILL) SEP 23. THEIR PERCEPTIONS OF SITUATION SEEM TO HAVE DIVERGED FOR THE MOMENT.

2. PANNILL IS IMPRESSED BY LEGAL ARGUMENT AVAILABLE TO GOI FORESTRY OFFICIALS, NAMELY: NOT GOI'S FAULT THAT TELAGA MAS JOINT VENTURE WITH FOREST PRODUCTS BROKE UP; IMMATERIAL ANYWAY WHO CAUSED AGREEMENT OF JULY 1, 1971 TO BECOME UNPERFORMABLE; IMPORTANT FACT IS THAT JOINT VENTURE IS NO LONGER EFFECTIVE SINCE ONE PARTY SAID IT WILL NOT PERFORM; THEREFORE, JULY 1971 AGREEMENT IS A NULLITY. HE IS NOT INCLINED NOW TO SEEK ARBITRATION/CONCILIATION WITH GOI THROUGH ICSID, BECAUSE "WHAT HAS INDONESIA DONE WRONG"? PANNILL BELIEVES ALL HAS BEEN DONE WHICH COULD REASONABLY BE DONE TO REVITALIZE JULY 1971 AGREEMENT AND THUS NO POINT IN TRYING TO SQUEEZE LETTER OUT OF FORESTRY

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DIRECTOR GENERAL SOEDJARWO IN REPLY TO SOELISTIO. MO

IMPORTANT, HE THINKS, FOR FOREST PRODUCTS TO TRY TO  
RECOVER FROM MITSUI (AND TELAGA MAS) ITS OUTLAYS IN

INDONESIA (ABOUT 500,000 DOLS). HOWEVER, PANNILL  
REALIZES SITUATION MAY CHANGE AND WOULD LIKE TO RESERVE  
RIGHT TO ASK FOR USG HELP AGAIN AT SOME FUTURE TIME.

3. SPEAKING TO PEDERSEN AFTERWARDS, DEPTOFF FOUND HIM  
UNWILLING TO SUSPEND EFFORTS TO GET REPLY LETTER FROM  
SOEDJARWO. "WE HAVE A VALID CONTRACT". PEDERSEN REPORTS  
THAT MINISTRY JUSTICE THREW SOEDJARWO'S INQUIRY BACK,  
TELLING HIM WORK OUT HIS PROBLEMS WITH FOREST PRODUCTS  
BY HIMSELF. PEDERSEN STILL WISHES TO NEGOTIATE A SETTLE-  
MENT WITH GOI AND BELIEVES FIRST STEP SHOULD BE  
REVALIDATION OF JULY 1971 AGREEMENT. COURT ACTION  
AGAINST MITSUI IS A SEPARATE MATTER.

4. PANNILL REPORTS ARGUMENTS ON MOTION TO DISMISS  
FOREST PRODUCTS SUIT AGAINST MITSUI/TELAGA MAS WILL BE  
HEARD SHORTLY IN HOUSTON COURT.

5. PANNILL PLANS TRIP TO JAKARTA AROUND NOVEMBER 1 TO  
REVIEW STATE OF PLAY WITH SOELISTIO AND GAUTAMA.

6. MEANWHILE, DESPITE PANNILL'S DOWNPLAYING OF NEED FOR  
SOEDJARWO REPLY LETTER, WE BELIEVE EMBASSY SHOULD CONTINUE  
SHOW QUIET INTEREST IN GETTING A SOEDJARWO RESPONSE ALONG  
LINES SUGGESTED PARA 5 STATE 214533. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** WOOD PRODUCTS, TRADE COMPLAINTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 OCT 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
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